

**RECORD OF PROCEEDINGS
OF THE UTILITY ADVISORY COMMISSION
GARDNER, KANSAS
Page No. 2020-6
March 5, 2020**

The Utilities Advisory Commission of Gardner, Kansas, met in Regular Session on March 5, 2020, at City Hall. Present were Chairman Gary Williams, Vice-Chairman Kristina Harrison, Commissioner Barbara Coleman, Commissioner Bryce Augustine, Utilities Department Director Gonzalo Garcia, Administrative Assistant Erin Groh, Richard Henderson and Bryan Ashworth of Ecologix and three members of the public.

CALL TO ORDER

The meeting was called to order at 7:10 p.m. by Chairman Gary Williams.

PLEDGE OF ALLEGIANCE

PRESENTATION

Richard Henderson of Ecologix held a presentation to discuss the various ways they can save electric customers money. Their business specializes in energy efficiency and risk management. Mr. Henderson discussed the benefits and cost savings of using LED lights. He said that the use of LED lighting is seeing huge growth and just by switching to LED we've reduced the CO2 going into the environment by 12,000 tons annually. He said by using LED lights, you can go from a 100 watt incandescent lightbulb and use instead a 15 watt LED bulb.

PUBLIC COMMENTS

Residents Rodney and Vicky Pace spoke about their concerns of the electric rate fees increasing due to their all-electric trailer. They stated that prior to the rate increase, their bill was around \$350, but their bill in February was over \$500 and their March bill was around \$600, so they wanted to know why this was occurring. Vice-Chairman Kristina Harrison asked Director Gonz Garcia if the bill increase was totally because of the discount or if it is because rates were raised, or a combination of both. She mentioned that council raised rates in January of 2019 and this is the first couple of months for the new rate structure. Director Gonz Garcia responded that the City had an electric rate study done that had 9-10 different rate structures with an all-electric residential structure being one of them. He stated that previously, the all-electric rate structure charged on average of about 4.3 cents per kW during Nov-April. The rate study recommended to do away with that rate. The rate had come about a few years ago in order to meet a take or pay that we used to get from KCP&L. Based on the current BPA's that we have, that is no longer the case. The rate study identified that the all-electric residential rate structure was not needed. The information about the discontinuation of discounts was in the City Newsletter in 2019 but many residents were not aware of the information. Based upon many concerns by customers, City Council will hold a special meeting on Monday, March 9 and will provide a payment plan for customers due to the impact of such a big increase.

Mr. Pace asked what the percentage was for the discount for all-electric. For the residential rate structures there were two rates: Residential and Residential All-Electric. The reduction is based on the Residential. Vice-Chairman Harrison stated that they combined the Residential and All-Electric Residential all into one rate. The Residential is higher than what the Paces were paying on All-Electric. Director Garcia stated that if you use 800 kW hours a month or less you will get a credit from the City.

Vice-Chairman Harrison said she understands that we simplified into one rate structure for residential, and we aren't getting the take or pay from KCP&L anymore so we're not getting a benefit but she asked if it was hurting anything for us to have the two rate structures. Director Garcia responded that the result of the rate study said that we were subsidizing the All-Electric Residential customers for many years. If you break

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down the different expenses, the All-Electric were not paying enough for the usage, so the recommendation was to do away with that structure because they were not contributing enough to the actual expense. On Monday at the work session, they will review how during the summer months customers will have a break in such an increase.

Commissioner Coleman asked if there was there a push by the City to go all-electric. Director Garcia said that it was presented but there were no comments or objections. So, they will revisit it at the special meeting (work session) on March 9.

Vicky Pace spoke about how she was fine with paying extra for electric in November and December because that's her big holiday to put out her holiday lights but she said it's now March and her bill is going up a lot- in the amount of \$609. She said the Utility Billing staff kept referring her back to when she had excess usage in November/December, not January/February, because she's puts everything up on January 2nd. Director Garcia stated that the rate she had before was 4.3 cents (per kW) between November and April and that rate went away so now it's close to 10 cents (per kW) and it had a 6 cent increase. Mrs. Pace said she can't afford to pay double. Director Garcia said they understand and that they're trying to find a solution to this problem. Vice-Chairman Harrison said that they're not the only ones with these concerns and that Council will look at this again on Monday. After Mr. Pace asked if his rate has more than doubled, Vice Chairman Harrison reiterated that the All-Electric rate has increased by 6 cents per kW.

Jeanie Blue, a resident, came up to speak about how her electric bill went from \$175 in January 2020 to \$251 in February 2020. She stated she is all-electric. She felt that there wasn't any kind of notification to expect that kind of increase. She felt that there wasn't anything in the billing so that they could expect it. She said she has neighbors whose bills have gone up \$200 per month due to this increase. She said that many people who look to move to our community look to see what the cost is to heat and cool a home, and she said that it would incentivize or not incentivize someone looking to move into the community so she thinks it's important to look at the issue. She said it sounds like it will be discussed Monday but she thinks it is something that the community and the leaders should look at it to make it a little better for those who are all-electric because they don't have the opportunity to convert to gas or natural gas because the infrastructure is not there. And, especially in the new neighborhoods her understanding is that it isn't gas utilities, it is all-electric or nothing.

CONSENT AGENDA

- 1. Standing approval of the minutes as written for the February 6, 2020, meeting of the Utility Advisory Commission.**

Motion by Commissioner Augustine, seconded by Vice-Chairman Harrison, to approve the Consent Agenda.

Motion carried 4-0 Aye

OLD BUSINESS

NEW BUSINESS

- 1. Consider a recommendation to City Council to approve the sale of capacity to Dogwood Energy Facility.**

Director Gonz Garcia presented the staff report.

Director Garcia discussed how in 2018 the City bought participation in Dogwood Energy so we have ownership of 20 MW of energy from Dogwood Energy, a combined cycle power plant. We have been getting energy from them since April 2018. They asked KMEA if we could sell our capacity back to Dogwood, which would be 9.7 MW. We would receive about \$5,000 a month for this sale, which will total approximately \$25,000 over five months. It would be for the months of October 2020-Nov 2020 and for March 2021-May 2021. In 2019, we also sold them capacity and we received some additional revenues. Director Garcia recommended this sale currently for the 9.7 MW.

Chairman Gary Williams asked how much excess capacity the City has. Director Garcia stated Gardner has 54 MW of capacity total. Our peak demand is about 40 MW in the summer. In the off peak season our peak demand will be closer to 30 MW, so then we have 24 MW we don't use. Commissioner Coleman asked if any of this revenue we receive for the sale of energy could go back to the consumers or residents and Chairman Williams stated that it helps our consumers benefit in the long run and that sending the money back out to the consumer wouldn't solve the problem of the rate increase. Director Garcia stated that we have around 9,000 electric customers.

Motion by Vice-Chairman Harrison, seconded by Commissioner Coleman to forward a recommendation to the City Council to approve a capacity transaction for the sale of 9.7 MW worth of capacity to the Dogwood Energy Facility.

Motion carried 4-0 Aye

DISCUSSION ITEMS

1. Electric Division Project Updates

Director Garcia presented the Electric updates. He discussed how in 2019, the UAC and City Council approved the purchase of six automated distribution switches. The switches are to help connect the different circuits and if one circuit goes down, we can close the switch remotely and restore power to the section of town affected. It was identified that six switches needed to be purchased to create a redundancy to restore power much sooner. Staff is in the process of installing the six switches now. The switches will be connected to the smart grid communication network and we will be able to connect the switches to the SCADA system. This will make it so the lineman don't have to manually operate the switches, which will provide additional protection to our linemen.

2. Wastewater Division Project Updates

Director Garcia presented the Wastewater updates. He stated that in early 2020, the Private Inflow & Infiltration Program was approved, so Trekk has begun adhering door hangers regarding free home inspections to find and correct Inflow & Infiltration issues. As of the March 5th meeting, 27 evaluations had been done so far and two people refused to have them enter the home. There were 52 appointments that have been completed, with only one defect so far. There are about 125 homes that are in the area that Trekk is focusing on currently.

3. Water Division Project Updates

Director Garcia presented the Water updates. He discussed that the construction on the Hillsdale Water Treatment Plant is progressing and additional facilities are under construction which include: The Chlorine Building, the Pre-Treatment Building, the Filter Building, as well as continued work with the effluent lagoons and the Transfer Station Building. CAS Constructors is doing the construction work.

He stated that the Army CORP property has been cleared of trees for the construction of a RAW waterline. Special care was taken to meet some environmental restrictions due to a protected bat being located in the area.

Construction of the new RAW waterline is starting from the intake. It is a quarter of a mile from the intake to the water treatment plant. The new RAW waterline will give us redundancy in case of the failure of the existing RAW waterline. Currently it looks like the project will be completed by the end of summer. We still have issues with some landowners signing easement agreements but we're making headway now. The process started in October 2019 and by January no one had signed the agreements, but now we have six that agreed to sign, with two that are undecided.

The annexation of land into Miami Co. for the Hillsdale Water Treatment Plant expansion was denied by Miami Co. Director Garcia stated that he was pursuing the annexation of Hillsdale to the City of Gardner based on the recommendation that the annexation could be done within 30 days. It was his understanding that it was something the City had to do and there was no say so from Miami Co. So when City filed the annexation petition we found that's not the case, but that Miami Co. had to approve the annexation. Miami Co. felt we didn't have enough reasons to have the annexation so they denied it. We didn't have enough supporting documentation to say otherwise. We have worked with the Miami Co. Codes Department to expedite the construction of building permits so the construction is moving along and we have not had any delays so far since we have an understanding of what needs to happen. Now the conditional use permit that needed to be amended and approved by the Miami Co. commissioners, was approved last week. We have the permit to do the expansion that was approved to do 12 MG per day so for the next phase we don't have to go to them for permission, we already have permission for all future expansions. It can be expanded three more times without having to go to the county again.

OTHER BUSINESS

Commissioner Coleman made a suggestion that at the March 9 Council Work Session that Council take into consideration that if customers don't get a rebate or refund that they receive a payment plan. Director Garcia responded that he felt that a payment plan would probably be something they'll be proposing at the meeting. Chairman Williams said that his understanding is that the All-Electric Residential rate was not paying what the cost is to serve them, so philosophically it isn't fair to the other rate payers and in effect they're subsidizing them, but on the customer side they entered into this arrangement in good faith relying on the City's rates, which made sense at the time. He said he felt like the rest of the world changed and discounting rates to pick up load is no longer in the Utilities interest.

Vice-Chairman Harrison asked about whether everyone got an increase in January. Director Garcia responded that in January Residential got a 2% reduction and so that 2% reduction was compensated but by increasing 2% the other customers were affected including the All-Electric. Chairman Williams said that it's frustrating because the minimum bill has crept up. Director Garcia stated that in the summer months they will be paying less because the summer rate for the All-Electric was higher than the standard residential. Vice-Chairman Harrison said that she understands what Director Garcia is saying that but if she was someone living paycheck to paycheck those summer months don't matter to her because she couldn't pay the February bill.

Commissioner Coleman suggested that the City could enhance the budget billing that it has. Director Garcia said that there is the budget billing and payment plan. Chairman Williams stated that for people on a fixed income they don't have a lot of choices. It is tough on them from a macro sense, and he thinks we made the right decision to make the rates and reduce them but what happens to the person on the fixed income who can't absorb anything. He believes that Gardner's utility rates are in the lowest quartile of comparable utilities. Director Garcia said that's true, according to the rate study, in comparison to cities

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such as Ottawa and Garden City our residential rates are lower. Chairman Williams asked if people who are in all-electric homes could convert to gas. Gonz stated that in some homes in Gardner they can't convert to gas because there isn't a gas pipeline near their house. Most apartments in Gardner are all-electric.

Commissioner Augustine made an announcement that the Utilities Advisory Commission is short a member and the City has an open application for anyone who wants to be on the UAC.

ADJOURNMENT

Motion by Commissioner Coleman, seconded by Vice-Chairman Harrison, to adjourn the meeting at 8:17 p.m.

Motion carried 4-0 Aye

/s/ _____ Erin Groh

Utilities Department Administrative Assistant